

# EXHIBIT C

CAUSE NO. \_\_\_\_\_

EMBASSY, INC. D/B/A  
HOUSTON DOLLS  
*Plaintiff,*

v.

AIX SPECIALTY INSURANCE  
COMPANY  
*Defendant.*

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IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

\_\_\_\_ JUDICIAL DISTRICT

### **PLAINTIFF'S ORIGINAL PETITION**

Plaintiff Embassy Inc. d/b/a Houston Dolls ("Plaintiff" or "Embassy"), files this Original Petition complaining of AIX Specialty Insurance Company ("Defendant" or "AIX") and, for cause of action, would respectfully show the Court as follows:

### **DISCOVERY CONTROL PLAN**

1. Embassy intends to conduct discovery under Level 2 of Texas Rule of Civil Procedure 190.2 and affirmatively pleads that this suit is not governed by the expedited-actions process set forth in Texas Rule of Civil Procedure 169.

### **RULE 47 ALLEGATION**

2. Pursuant to Tex. R. Civ. P. 47(c), Embassy affirmatively pleads that it seeks monetary relief over \$200,000, but not more than \$1,000,000, and non-monetary relief.<sup>1</sup>

### **PARTIES**

3. Plaintiff Embassy, Inc. is a Texas corporation authorized to conduct business in Texas.

<sup>1</sup> Plaintiff makes this Rule 47 designation without prejudicing its right to seek and recover any amounts in excess of \$1,000,000 which continue to accrue as a result of the prosecution of this action.

4. Defendant AIX Specialty Insurance Company, a foreign insurance carrier, organized and existing under the laws of Delaware and authorized to conduct business in Texas, whose principal place of business is located as 1209 Orange St., Wilmington, DE 19801, may be served with process by serving the Texas Commissioner of Insurance at 333 Guadalupe Street, Austin, Texas 78701, as its agent for service because defendant is required by the Texas Insurance Code section 804.103(b) to appoint and maintain an agent for service of process but has not done so.

#### **JURISDICTION & VENUE**

5. The Court has jurisdiction over this lawsuit because the damages and relief sought herein are within the jurisdictional limits of this Court. Venue is proper in Harris County, Texas because Harris County is the county in which all or a substantial part of the events or omissions giving rise to the claim occurred.

#### **FACTS**

6. This is an insurance coverage dispute. AIX refuses to provide the benefits paid for by Embassy (the insured) under the insurance policy between the parties. Specifically, AIX has refused to pay for the defense and indemnification of Embassy in the litigation styled *K.B. v. Embassy, Inc. et al*, Cause No. 2019-12170, in the 234th Judicial District Court of Harris County, Texas (the "Underlying Lawsuit"). AIX denied coverage after reviewing the original petition, citing only one inapplicable exclusion. An amended petition in the Underlying Lawsuit has been subsequently filed. Despite the fact that Embassy has presented the petition to AIX and requested a defense, AIX has refused to respond. Based on the terms of the insurance policy and the allegations in the petition filed in the Underlying Lawsuit, Embassy is entitled to a complete defense and indemnity.

Embassy was, therefore, compelled to file this lawsuit against AIX seeking to obtain the benefits under the policy for which it paid AIX significant premiums.

7. K.B., the Plaintiff in the Underlying Lawsuit, filed her Original Petition against Embassy on February 18, 2019. The Original Petition alleges that on June 2, 2017, Embassy overserved alcohol to K.B., who was a dancer at Embassy's gentlemen's club, which was the proximate cause of her suffering bodily injury, including but not limited to a seizure and/or loss of consciousness and, ultimately, an alleged sexual assault purportedly committed by a patron of the club.

8. K.B. brought multiple causes of action against Embassy, including negligence, gross negligence, and negligent activity/undertaking. In particular, K.B. alleged, among other things, that Embassy was negligent in (1) serving alcoholic beverages to clients that it knew would be served to underage dancers, (2) serving alcoholic beverages to underage dancers; (3) failing to provide reasonable education, policies and/or training of employees regarding the serving of alcoholic beverages to patrons and minors, (4) hiring, training, and supervising its employees, and (5) failing to routinely inspect private dance rooms. A true and correct copy of the original petition in the Underlying Lawsuit is attached hereto as Exhibit A.

9. AIX issued a Commercial Liability Insurance Policy, policy no. L15-A837352-01, to Embassy for the policy period of January 30, 2017 to January 30, 2018. A true and correct copy of the Policy is attached hereto as Exhibit B.

10. The Policy provides in relevant part as follows:

**SECTION 1 – COVERAGES**

**COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

1. Insuring Agreement

- a. We will pay those sums that the insured become legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result.

\* \* \* \*

- b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "body injury" or "property damage" occurs during the policy period....

11. The Policy defines "bodily injury" as "bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time." The Policy also defines "occurrence" as "an accident, including continuous or repeated exposure to substantially the same general harmful conditions."

12. The Underlying Lawsuit includes allegations of "bodily injury" caused by an "occurrence" as those terms are defined in the Policy.

13. Embassy complied with the Policy's notice requirements and provided written notice of the Underlying Lawsuit to AIX requesting that AIX tender a defense to Embassy for the allegations contained in the Original Petition in the Underlying Lawsuit. On April 3, 2019, AIX denied Embassy's request for a defense and denied coverage under the Policy relying solely upon an exclusion from coverage where the bodily injury is suffered by an independent contractor. Specifically, AIX's denial letter stated that AIX

“disclaims any coverage and/or defense obligations in this matter because the “bodily injury” was sustained by an independent contract as outlined in Section 2 Exclusions and Section V Definitions.” A copy of AIX’s denial letter is attached hereto as Exhibit C.

14. AIX wrongfully denied coverage under K.B.’s Original Petition. Nowhere in K.B.’s Original Petition does she allege that she was an independent contractor of Embassy when she allegedly suffered the bodily injury for which she sued Embassy. AIX clearly and improperly relied upon information outside the four corners of the Policy and the four corners of K.B.’s Original Petition in order to unreasonably deny coverage and defense to Embassy. On September 19, 2019, Embassy sent pre-suit correspondence to AIX requesting that it reconsider its wrongful denial of the request for a defense and explaining how AIX’s denial violated the “Eight Corners Rule.” AIX wholly failed to respond. A copy of Embassy’s pre-suit correspondence is attached hereto as Exhibit D.

15. Based on the Policy, AIX has a duty to defend and a duty to indemnify Embassy in the Underlying Lawsuit. The bodily injury was caused by an occurrence that took place during the policy period. There are no applicable exclusions that would otherwise bar coverage. Thus, AIX has a duty to defend, and, ultimately, a duty to indemnify.

### **CAUSES OF ACTION**

#### **A. Declaratory Judgment**

16. Embassy incorporates each and every factual allegation set forth above as if set forth fully herein.

17. AIX is obligated under the Policy to defend and indemnify Embassy in the Underlying Lawsuit. AIX has breached its obligations under the Policy by failing to provide

a defense to Embassy and wrongfully denying coverage for the bodily injury alleged in the Underlying Lawsuit. An actual controversy exists between Embassy and AIX that requires judicial declaration pursuant to Chapter 37 of the Texas Civil Practice & Remedies Code by this Court of the parties' rights and duties under the Policy. By way of this lawsuit, Embassy requests that this Court issue judgment declaring that AIX has a duty to defend and a duty to indemnify Embassy under the Policy in connection with the Underlying Lawsuit.

**B. Breach of Contract**

18. Embassy incorporates each and every factual allegation set forth above as if set forth fully herein.

19. Embassy fully performed its obligations under the Policy and paid the required policy premiums to AIX. AIX is obligated under the Policy to defend and indemnify Embassy in the Underlying Lawsuit. AIX has breached its obligations under the Policy by wrongfully denying coverage and a defense for the bodily injury alleged in the Underlying Lawsuit. As a result of AIX's breach of its obligations under the Policy, Embassy has suffered and will continue to suffer damages, including but not limited to attorney's fees incurred in the defense of the Underlying Lawsuit.

**C. Violation of Texas Insurance Code Unfair Settlement Practices Act**

20. Embassy incorporates each and every factual allegation set forth above as if set forth fully herein.

21. AIX has violated Texas Insurance Code §541.010, or the Unfair Settlement Practices Act. With respect to Embassy's request for defense under K.B.'s Original Petition, AIX refused to pay a claim without conducting a reasonable investigation. As a

result of AIX's violations of the Texas Insurance Code Unfair Settlement Practices Act, Embassy has suffered prejudice and damages for which it seeks to recover from AIX in this lawsuit.

**D. Attorney's Fees**

22. Embassy incorporates each and every factual allegation set forth above as if set forth fully herein.

23. Embassy attempted to resolve this dispute prior to filing this lawsuit. However, AIX wholly failed to respond to Embassy's pre-suit correspondence. Embassy was required to engage the undersigned firm of attorneys and has agreed to pay the same a reasonable attorney's fee. Pursuant to Tex. Civ. Prac. & Rem. Code §37.009, §38.001(8) and Tex. Ins. Code §541.152(a)(1), Embassy prays for recovery of its reasonable and necessary attorney's fees, costs and expenses through trial and any subsequent appeal.

**CONDITIONS PRECEDENT**

24. All conditions precedent to recovery hereunder have been performed or have occurred.

**PRAYER**

WHEREFORE, Plaintiff Embassy, Inc. prays that this Court enter judgment for it and against Defendant AIX Specialty Insurance Company for the following:

a. declaration that AIX has a duty to defend Embassy under the Policy in connection with the Underlying Lawsuit;

b. declaration that AIX has a duty to indemnify Embassy under the Policy in connection with the Underlying Lawsuit;



- c. judgment awarding reimbursement of all attorney's fees, costs and expenses incurred by Embassy in defense of the Underlying Lawsuit;
- d. judgment awarding attorney's fees incurred herein;
- e. costs of suit; and
- f. all other relief, at law or in equity, to which Embassy may be justly entitled.

Respectfully submitted,

**IRELAN McDANIEL, PLLC**

/s/ Jacob M. Stephens

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/s/ Masoud Darvishi

**MASOUD DARVISHI, SBOT**  
#24069570  
**THE DARVISHI LAW FIRM, P.L.L.C.**  
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**COUNSEL FOR PLAINTIFF  
EMBASSY, INC.**

**CAUSE NO.** \_\_\_\_\_

***Defendants.***

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**JUDICIAL DISTRICT**

# EXHIBIT A

Texas 78726-4537. Plaintiff requests that citation be issued, and that process be served upon Defendant at this time.

4. Defendant, **HOUSTON PROTECTION SECURITY, INC.**, is a Domestic For-Profit Corporation doing business in the State of Texas. Defendant may be served with process by serving its registered agent for service, Vicky Partida, 506 Live Oak, St. Pasadena, Texas 77506-3526. Plaintiff requests that citation be issued, and that process be served upon Defendant at this time.

### **III. JURISDICTION AND VENUE**

5. Venue is proper in Harris County, Texas, pursuant to Section 15.002 of the Texas Civil Practice & Remedies Code because all or a substantial part of the events giving rise to this action occurred in Harris County, Texas.

6. This court has jurisdiction over this cause because the Defendant the amount in controversy is within jurisdictional limits of this Court.

### **IV. AGENCY RELATIONSHIP**

7. At the time and on the occasion in question, Defendant Houston Dolls located at 313 Rankin Road #H, Houston, Texas 77073, was owned and operated by Tony Nouri with ties to Rankin Road, Inc. and other entities under Mr. Nouri. The employees involved at Houston Dolls and Houston Protection Security, Inc. were working within the course and scope of their employment for Defendant Houston Dolls and are therefore, both entities are vicariously liable for the conduct of its agents, employees and/or servants, as well as for Plaintiff's injuries and damages under the doctrine of *respondeat superior*.

8. Furthermore, Plaintiff affirmatively alleges that Defendants violated the provisions of Texas Alcoholic Beverage Code Section 106.14 and are thus not entitled to the “safe harbor” defense offered therein.

## V. FACTS

9. In 2001, Tony Nouri and his partners purchased Houston Dolls and the strip center it is located in. It was Houston Dolls pattern and practice to provide these drinks to loosen up. Thereafter, Houston Dolls and its clients would attempt to take advantage of the girls in their intoxicated state. To date, several young women and teenagers have been killed or sexually abused at Houston Dolls.

10. Rachel Williams – a 19-year-old dancer who was provided numerous drinks throughout her shift. After her shift, Houston Dolls allowed this intoxicated and underage dancer to leave the club. She later crashed her car, which engulfed Ms. Williams in fire, and she died. Employees at Houston Dolls were well aware that Ms. Williams was heavily intoxicated and slurring her words before she left. She was survived by her parents and minor child. Houston Dolls settled the case before it went to trial. Defendants continued its pattern and practice of getting underage girls intoxicated for sex.

11. Brandy Gibbs – a 20-year-old dancer who was provided alcoholic shot after shot until she became intoxicated. Like Ms. Williams, Ms. Gibbs was routinely allowed to consume alcohol at the direction and encouragement of Mr. Nouri and management. After taking at least seven shots of hard liquor, Ms. Gibbs was allowed to leave the club heavily intoxicated. Ms. Gibbs got behind the wheel and crashed in to Julio Guardado –killing him. Houston Dolls settled the case before it went to trial. Defendants continued its pattern and practice of getting underage girls intoxicated for the benefit of its clients and management.

12. In 2013, Harris County Attorney Vince Ryan on behalf of the State of Texas, sought to enjoin Houston Dolls from operating as an adult cabaret business for the purpose of prostitution, the promotion of prostitution and organized criminal activity. Houston Dolls settled the case before it went to trial. Houston Dolls continued its pattern and practice of getting underage girls intoxicated for sex.

13. That same year, undercover agents of the Texas Alcohol and Beverage Commission arrested an underage dancer after the dancer ordered a round of shots and consumed them in front of the TABC agents. Defendants admit there was no corrective action taken against the bartender, waitress or dancer. In fact, Defendants continued to serve alcohol to a number of underage dancers including Kendall Swan.

14. On June 25, 2014, a 20-year-old dancer named Vanessa Ordonez was given numerous alcoholic drinks until she became sick and vomited. Houston Dolls' company policy was that any time dancers, employees and customers became intoxicated, a member of management was supposed to provide them with a safe way to get home. Instead of calling Ms. Ordonez a cab, or paying for a hotel room, Houston Dolls allowed an underage and intoxicated woman to be escorted from the premises. Having nowhere else to go, Ms. Ordonez began walking down Rankin Road toward the gas station. A short time later, she was hit by a car suffering serious and permanent bodily injuries. Houston Dolls settled the case before it went to trial.

15. On June 2, 2017, an 18-year-old employee named K.B. came to work and was advised by Tony Nouri to attend to "Dave." One of Houston Dolls' VIP customers and friends. Management, bartenders and longtime waitresses and staff were aware that Dave would try to get dancers drunk and take advantage of them in the VIP rooms. Because Dave would spend so much money at Houston Dolls, management would often look the other way, or bend rules for Dave. Specifically, management and staff would serve any dancer with Dave – alcohol – regardless of age. On that night, Dave ordered

drinks for himself and Ms. B. When the drinks arrived, Ms. B took a sip of her drink. Ms. B realized the drink contained alcohol. Ms. B signaled to the waitress that the drink was not water. The waitress signaled to Ms. B not to worry, "Dave," was a VIP. Ms. B felt like she had to drink the alcohol because Dave was a VIP. At some point, Dave requested that Ms. B chug an entire glass of a clear alcohol. Wanting to please management and its VIP guests, Ms. B complied. A short time later, she began to feel sick and lost consciousness. With the help of the waitress, Dave escorted Ms. B to one of the back rooms. While unconscious, Dave undressed Ms. B, removed her tampon, and began raping her vaginally and anally.

16. At some point, Ms. B began to have what looked like a seizure and Dave got off of Ms. B and yelled for help as he dressed. When help arrived, people questioned why her clothes were off, and why there was a bloody tampon on the floor. They also found Ms. B's earring on the floor. Shockingly, no one called 9-1-1 or called the police. Instead, Dave was allowed to continue to drink in the strip club as Ms. B's friend had to call 9-1-1 herself and get an ambulance.

17. At the hospital, Ms. B was subjected to a number of examinations that were humiliating and uncomfortable to test for numerous Sexually Transmitted Infections. She then made a report to an investigating officer. In addition to the treatment provided that night, Ms. B has undergone therapy and counseling. It is believed that Ms. B will require a lifetime of therapy and treatment as a result of PTSD caused by the brutal rape of an 18-year-old girl.

#### **VI. NEGLIGENCE & GROSS NEGLIGENCE**

18. Plaintiff incorporates the previous allegations.

19. At all times material, Defendants were doing business as Houston Dolls, a bar which sells and serves alcoholic beverages under a permit or license issued by the Texas Alcoholic Beverage Commission.

20. Plaintiff would show that the incident in question and her resulting sexual assault and damages were brought about and caused by the negligence and carelessness of Defendants through the actions of one more of their agents, servants, and/or employees:

- a. Selling or serving alcoholic beverages to K.B., when they knew she was underage;
- b. Failing to provide reasonable education, policies, and/or training to employees, agents, and/or representatives regarding the serving of alcoholic beverages to patrons and minors, including K.B.;
- c. Providing policies and/or training to employees, agents, and/or representatives that unreasonably encouraged the excessive and unsafe serving of alcoholic beverages to patrons and minors, including K.B.;
- d. Providing and/or encouraging policies and/or an atmosphere that caused, created or contributed to a pattern and practice among employees, agents, and representatives that unreasonably encouraged the excessive and unsafe servicing of alcoholic beverage to patrons and minors, including K.B.

21. Defendants Houston Dolls, and Houston Protection Security, Inc., owed a duty to hire qualified employees, train, supervise and retain competent employees and to prevent injuries to the general public, including Ms. B. Defendants breached their duty by hiring unqualified, untrained employees failing supervise and retaining incompetent employees, which proximately caused injuries to Ms. B.

22. Section 106.06 of the Texas Alcoholic Beverage Code makes it illegal to provide alcoholic beverages to a minor. On the night in question, Defendants violated this statute. K.B. is the type of person this statute was written to protect, and she suffered the type of harm the statute was meant to prevent. Thus, this conduct constitutes negligence *per se*.

23. Further, the character of the incident is such that it would not ordinarily have occurred in the absence of negligence, and that instrumentality causing the injuries were under the management and control of Defendants.

24. Defendants are responsible for the conduct of its employees, agents and/or representatives acts and/or omission because they were done knowingly and with conscious deliberation in spite of the known high degree of risk of harm to others. Said conduct constitutes gross negligence, thereby entitling Plaintiff to punitive damages, in an amount to be determined by a jury.

#### **VII. NEGLIGENCE ACTIVITY**

25. Defendants Houston Dolls, and Houston Protection Security, Inc.'s negligent conduct resulted in severe injuries to Ms. B by failing to prevent the serving of alcohol to underage dancers and/or allowing same to occur routinely. Defendants further failed to take reasonable care in handling the situation where underage dancers are routinely served alcohol. Defendants' malfeasance in allowing the underage service of alcohol to underage dancer, waitresses and employees, in conjunction with other contemporaneous acts/omissions proximately caused Ms. B to suffer severe and permanent injuries and damages.

#### **VIII. NEGLIGENCE UNDERTAKING**

26. Defendants developed company safety rules and regulations that sought to prevent the serving of alcohol to underage dancers, waitresses and employees. Defendants admit that the purpose of the safety rules were to prevent the known and foreseeable risk of serious injury or death to underage girls—who consumed alcohol and then were allowed to leave the club intoxicated. Defendants further admit that the safety rules and regulations were meant to comply with Texas Alcoholic Beverage Code. As part of the Texas State Law and its own company policies, Defendants undertook to comply with the Texas Alcoholic Beverage Code. Defendants Houston Protection Security, Inc. also undertook a duty to provide security services to Houston Dolls and Rankin Road, Inc. and to comply with any contractual agreements with Houston Dolls,



which included the identification of intoxicated dancers, prevention of underage drinking, prevention of intoxication, and safety of employees, dancers, waitresses and customers.

27. All Defendants undertook, in compliance with the company policies, contract, Texas Law, and Texas Alcoholic Beverage Code to develop policies, procedures and training to its managers, security, bartenders and staff to comply with the above.

28. Defendants undertook this task with knowledge that it was necessary for the protection of underage women, including minors like Ms. B.

29. After having undertaken such a task, Defendants failed to exercise reasonable care in performing the undertaking.

30. Plaintiff relied on Defendants' undertaking and Defendants' performance of the undertaking increased the Plaintiff's risk of harm.

31. As a direct and proximate result of Defendants' negligence in undertaking to comply with the company policies, procedures, rules, regulations, the TABC, contracts and security policies and procedures Ms. B suffered severe injuries. Defendants are liable for negligent undertaking.

32. Each of the foregoing acts and/or omissions of Defendants, singularly or in combination, constitute negligence and gross negligence and were a proximate cause of Plaintiff's injuries and Plaintiff's resulting damages.

#### **IX. RESPONDEAT SUPERIOR**

33. Under the doctrine of respondeat superior, Defendants are liable for the negligence of its owners, managers and employees because they were employees or agents of Defendants at the time of negligent acts/omissions.

**X. DAMAGES**

34. Pursuant to Rule 47 of the Texas Rules of Civil Procedure, Plaintiff affirmatively pleads that she seeks monetary relief in excess of \$1,000,000 including damages of any kind, penalties, costs, expenses, pre-judgment interest, and post-judgment interest as a result of:

- a. Physical impairment in the past and future;
- b. Physical pain and suffering incurred by Plaintiff in the past and future;
- c. Mental anguish incurred by Plaintiff in the past and future; and
- d. Medical expenses in the future; and
- f. Physical impairment sustained in the past and, in all reasonable probability that Plaintiff will sustain in the future.

**XI. REQUEST FOR DISCLOSURES**

35. Under Texas Rule of Civil Procedure 194, Plaintiff hereby requests that Defendants disclose, within 50 days of the service of this request, the information or material described in Rule 194.2. Plaintiff gives notice to Defendants that she intends to use all discovery responses as evidence at trial in accordance with such right and privileges established by Texas Rules of Civil Procedure 193.7.

**XII. PRAYER**

36. For these reasons, Plaintiff prays that Defendants be duly cited to appear and answer herein, and that upon a final trial of this cause of action Plaintiff recovers:

- a. judgment against Defendants for Plaintiff's actual damages and exemplary damages as set forth above;
- b. pre-judgment and post-judgment interest as provided by law;
- c. costs of court; and

d. such other and further relief to which Plaintiff may be entitled.

Respectfully submitted,

**CROCKETT LAW, P.C.**

/s/ Brian H. Crockett

By: \_\_\_\_\_

**Brian H. Crockett**

State Bar No. 24074094

**Tara Afrakhteh Millitt**

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**ATTORNEYS FOR PLAINTIFF**

**K.B.**

Unofficial Copy Office of Marilyn Bui, Esq. Clerk



## **Privacy Policy and Producer Compensation Practices Disclosures**

### ***Privacy Policy Disclosure***

#### ***Collection of Information***

We collect personal information so that we may offer quality products and services. This information may include, but is not limited to, name, address, Social Security number, and consumer reports from consumer reporting agencies in connection with your application for insurance or any renewal of insurance. For example, we may access driving records, insurance scores or health information. Our information sources will differ depending on your state and/or the product or service we are providing to you. This information may be collected directly from you and/or from affiliated companies, non-affiliated third parties, consumer reporting agencies, medical providers and third parties such as the Medical Information Bureau.

#### ***Disclosure of Information***

We may disclose non-public, personal information you provide, as required to conduct our business and as permitted or required by law. We may share information with our insurance company affiliates or with third parties that assist us in processing and servicing your account. We also may share your information with regulatory or law enforcement agencies, reinsurers and others, as permitted or required by law.

Our insurance companies may share information with their affiliates, but will not share information with non-affiliated third parties who would use the information to market products or services to you. We do not share the non-public personal information of customers of our SEC regulated companies or customers who own products of ours which are SEC regulated with affiliated or non-affiliated companies who would use that information to market products or services to you.

Our standards for disclosure apply to all of our current and former customers.

#### ***Safeguards to Protect Your Personal Information***

We recognize the need to prevent unauthorized access to the information we collect, including that held in an electronic format on our computer systems. We maintain physical, electronic and procedural safeguards intended to protect all non-public, personal information.

#### ***Internal Access to Information***

Access to personal, nonpublic information is limited to those people who need the information to provide our customers with products or services. These people are expected to protect this information from inappropriate access, disclosure and modification.

#### ***Consumer Reports***

In some cases, we may obtain a consumer report in connection with an application for insurance. Depending on the type of policy, a consumer report may include information about you or your business, such as:

- character, general reputation, personal characteristics, mode of living;
- credit history, driving record (including records of any operators who will be insured under the policy); and/or
- an appraisal of your dwelling or place of business that may include photos and comments on its general condition.

#### ***Access to Information***

Upon written request, we will inform you if we have ordered an investigative consumer report. You have the right to make a written request within a reasonable period for information concerning the nature and scope of the report and to be interviewed as part of its preparation. You may obtain a copy of the report from the reporting agency and, under certain circumstances; you may be entitled to a copy at no cost.

You also may review certain information we have about you or your business in our files. To review information we maintain in our files about you or your business, please write to us, providing your complete name, address and

**EXHIBIT  
B**

policy number(s), and indicating specifically what you would like to see. If you request actual copies of your file, there may be a nominal charge.

We will tell you to whom we have disclosed the information within the two years prior to your request. If there is not a record indicating that the information was provided to another party, we will tell you to whom such information is normally disclosed.

There is information that we cannot share with you. This may include information collected in order to evaluate a claim under an insurance policy, when the possibility of a lawsuit exists. It may also include medical information that we would have to forward to a licensed medical doctor of your choosing so that it may be properly explained.

#### ***Correction of Information***

If after reviewing your file you believe information is incorrect, please write to the consumer reporting agency or to us, whichever is applicable, explaining your position. The information in question will be investigated. If appropriate, corrections will be made to your file and the parties to whom the incorrect information was disclosed, if any, will be notified. However, if the investigation substantiates the information in the file, you will be notified of the reasons why the file will not be changed. If you are not satisfied with the evaluation, you have the right to place a statement in the file explaining why you believe the information is incorrect. We also will send a copy of your statement to the parties, if any, to whom we previously disclosed the information and include it in any future disclosures.

#### ***Our Commitment to Privacy***

In the insurance and financial services business, lasting relationships are built upon mutual respect and trust. With that in mind, we will periodically review and revise our privacy policy and procedures to ensure that we remain compliant with all state and federal requirements. If any provision of our privacy policy is found to be non-compliant, then that provision will be modified to reflect the appropriate state or federal requirement. If any modifications are made, all remaining provisions of this privacy policy will remain in effect. For more detailed information about our privacy policy, visit our Web site, located at [www.hanover.com](http://www.hanover.com).

#### ***Producer Compensation Disclosure***

Our products are sold through independent agents and brokers, often referred to as "Producers." We may pay Producers a fixed commission for placing and renewing business with our company. We may also pay additional commission and other forms of compensation and incentives to Producers who place and maintain their business with us. Details of our Producer compensation practices may be found at [www.hanover.com](http://www.hanover.com).

#### ***Further Information***

If you have questions about our privacy policy, or if you would like to request information we have on file, please write to us at our Privacy Office, N435, The Hanover Insurance Group, Inc., 440 Lincoln Street, Worcester, MA 01653. Please provide your complete name, address and policy number(s). A copy of our Producer Compensation Disclosure is also available upon written request addressed to the attention of the Corporate Secretary, N435, The Hanover Insurance Group, 440 Lincoln Street, Worcester, MA 01653.

231-0862 (11/11)

This notice is being provided on behalf of the following Hanover Companies: The Hanover Insurance Group, Inc. - Allmerica Financial Alliance Insurance Company - Allmerica Financial Benefit Insurance Company - Allmerica Plus Insurance Agency, Inc. - Citizens Insurance Company of America - Citizens Insurance Company of Illinois - Citizens Insurance Company of the Midwest - Citizens Insurance Company of Ohio - Citizens Management, Inc. - AIX Ins. Services of California, Inc.- Benchmark Professional Insurance Services, Inc.- Campania Insurance Agency Co. Inc.- Campmed Casualty & Indemnity Co. Inc - Chaucer Syndicates Limited- Educators Insurance Agency, Inc.- Hanover Specialty Insurance Brokers, Inc. - The Hanover American Insurance Company - The Hanover Insurance Company - The Hanover New Jersey Insurance Company - The Hanover National Insurance Company - Hanover Lloyd's Insurance Company - Massachusetts Bay Insurance Company - Opus Investment Management, Inc. - Professionals Direct Insurance Company - Professionals Direct Insurance Services, Inc. - Professional Underwriters Agency, Inc.- Verlan Fire Insurance Company - Nova Casualty Company - AIX Specialty Insurance Company



## COMMERCIAL LINES POLICY COMMON DECLARATIONS

Coverage is Provided in the following Company: **AIX Specialty Insurance Company**

L15 A837352 00

**Renewal of Number**

POLICY NUMBER	POLICY PERIOD		AGENCY CODE
L15 A837352 01	FROM	TO	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN BELOW  1802476
	01/30/2017	01/30/2018	
<b>NAMED INSURED AND MAILING ADDRESS</b>			
Embassy Inc. DBA: Houston Dolls 313 Rankin Road, Suite H Houston, TX 77073		AMWINS Brokerage of Tennessee - 1802476 26 Century Blvd., Suite 700 Nashville, TN 37214	
<b>DESCRIPTION OF BUSINESS</b>			
Form of Business <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Organization (Other) Business Description: Adult Nightclub			
IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S) FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.			
			<b>PREMIUM</b>
▪ Commercial Property Coverage Part.....			\$
▪ Commercial General Liability Coverage Part.....			\$ 14,185.00
▪ Commercial Crime Coverage Part.....			\$
▪ Commercial Inland Marine Coverage Part.....			\$
▪ Boiler and Machinery Coverage Part.....			\$
▪ Liquor Liability Coverage Part.....			\$ 15,815.00
▪ Terrorism Premium.....			\$
▪ Inspection Fee.....			\$
<b>PREMIUM</b>			
Prepaid – The total annual premium of \$ 30,000.00                      is due at inception.			
Audit Period: Non-Auditable Unless Indicated by <input checked="" type="checkbox"/> <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Semi-Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly <input type="checkbox"/> Other:			

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas Insurance Code. The Texas Department of Insurance does not regulate the above numbered policy. The Texas Department of Insurance does not audit the financials or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462 Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium.

Texas Premium:	\$30,000.00
Fees:	\$250.00
Surplus Lines Tax:	\$1,467.13
Stamping Fee:	\$45.38
<b>Total:</b>	<b>\$31,762.51</b>

Surplus Lines Licensee Name: AmWINS Brokerage of FL

801-0153 03 14

Address: 302 Knight Run Avenue, Suite 1240

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Tampa, FL 33602



## COMMERCIAL LINES POLICY FORMS AND ENDORSEMENT SCHEDULE

POLICY NUMBER	Coverage is Provided in the following Company:
L15 A837352 01	AIX Specialty Insurance Company

Form Number	Form Title
IL 00 17 11 98	COMMON POLICY CONDITIONS
IL P 001 01 04	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS
801-0077 06 13	RETAINED PREMIUM ENDORSEMENT
801-0136 08 15	SERVICE OF SUIT CLAUSE
801-0121 06 13	TX SURPLUS LINES NOTICE - CANCELLATIONS
801-0142 01 16	TX SURPLUS LINES NOTICE
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
401-1126 01 15	NOTICE - REJECTION OF TERRORISM COVERAGE AND DISCLOSURE OF PREMIUM
AIL00160613	IN WITNESS CLAUSE
801-0022 06 13	LIABILITY INSURANCE DEDUCTIBLE ENDORSEMENT
801-0029 06 13	EXCLUSION - ASBESTOS
801-0030 12 16	EXCLUSION - ASSAULT OR BATTERY
801-0037 06 13	EXCLUSION - INJURY TO INDEPENDENT CONTRACTORS
801-0040 06 13	EXCLUSION - INTENTIONAL ACTS
801-0041 06 13	EXCLUSION - LEAD
801-0043 06 13	EXCLUSION - PUNITIVE AND EXEMPLARY DAMAGE
801-0053 06 13	FIREARMS EXCLUSION
801-0065 06 13	MIN AND DEPOSIT PREMIUM ENDORSEMENT
801-0072 06 13	PREMIUM BASIS ENDORSEMENT
801-0132 12 16	PYROTECHNICS EXCLUSION
801-0161 05 14	DEDUCTIBLE LIABILITY INSURANCE
801-0173 08 16	FULLY EARNED PREMIUM
801-0187 12 16	ESTIMATED AUDIT PREMIUM
CG 00 01 04 13	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG 00 33 04 13	LIQUOR LIABILITY COVERAGE FORM
CG 00 68 05 09	RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION
CG 20 11 04 13	ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES
CG 21 44 07 98	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
CG 21 46 07 98	ABUSE OR MOLESTATION EXCLUSION
CG 21 47 12 07	EMPLOYMENT-RELATED PRACTICES EXCLUSION



Form Number	Form Title
CG 21 49 09 99	TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG 21 67 12 04	FUNGI OR BACTERIA EXCLUSION
CG 21 75 06 08	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES
CG 21 96 03 05	SILICA OR SILICA-RELATED DUST EXCLUSION
CG 24 01 12 04	NON-BINDING ARBITRATION
CG 24 07 01 96	PRODUCTS/COMPLETED OPERATIONS HAZARD REDEFINED (FOR USE WITH CGL AND PRODUCTS POLICIES)
CG 24 26 04 13	AMENDMENT OF INSURED CONTRACT DEFINITION
CG 28 06 01 96	LIMITATION OF COVERAGE TO INSURED PREMISES (FOR USE WITH LIQUOR POLICIES)

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.





# COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

POLICY NUMBER	POLICY PERIOD							
L15 A837352 01	FROM	TO	AT 12:01 AM STANDARD TIME AT YOUR MAILING					
	01/30/2017	01/30/2018	ADDRESS SHOWN BELOW					
<b>LIMITS OF INSURANCE</b>								
General Aggregate Limit (Other Than Products-Completed Operations)		2,000,000						
Products-Completed Operations Limit		Included						
Personal Advertising Injury Limit		1,000,000						
Each Occurrence Limit		1,000,000						
Damage to Premises Rented to You Limit		100,000	Any one premises					
Medical Expense Limit		2,500	Any one person or organization					
<b>RETROACTIVE DATE (CG 00 02 ONLY)</b>								
Coverage A of this Insurance does not apply to "bodily injury" or "property damage" which occurs before the Retroactive Date, if any, shown here:								
<b>ALL PREMISES YOU RENT, OWN OR OCCUPY</b>								
PREM. NO.	BLDG. NO.	LOCATION						
1		313 Rankin Rd , Houston, TX 77073						
<b>GENERAL LIABILITY SCHEDULE</b>								
PREM. NO.	BLDG. NO.	Classification / Description	CODE. NO.	Premium Basis	Rate	Pr/Ops	All Other	Advance Premium
1		Nightclubs, Cabarets and Comedy Clubs	15656+	556,283 Sales	22.510			
		CG 20 11 04 13 - Managers or Lessors of Premises						Included
		Balance To Minimum						\$1,663
<b>Total Advance Premium:</b>								<b>\$14,185</b>

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.



## LIQUOR LIABILITY COVERAGE PART DECLARATIONS

POLICY NUMBER	POLICY PERIOD		
L15 A837352 01	FROM	TO	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN BELOW
	01/30/2017	01/30/2018	
<b>LIMITS OF INSURANCE</b>			
Each Common Cause Limit		1,000,000	
Aggregate Limit		1,000,000	
<b>RETROACTIVE DATE (CG 00 38 ONLY)</b>			
Coverage A of this Insurance does not apply to "bodily injury" or "property damage" which occurs before the Retroactive Date, if any, shown here:			
<b>CLASSIFICATION AND PREMIUM</b>			
Classification / Description	CODE. NO.	Premium Base	Rate      Advance Premium
Liquor Liability - Restaurants, Taverns, Hotels, Motels, including package sales	58161	527,150	Sales    30      \$15,815
<b>Total Advance Premium:</b>			<b>\$15,815</b>

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.


**COMMERCIAL LINES POLICY  
SCHEDULE OF LOCATIONS**

POLICY NUMBER	POLICY PERIOD		
L15 A837352 01	FROM	TO	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN BELOW
	01/30/2017	01/30/2018	
PREM. NO. BLDG. NO.	LOCATION		
1	313 Rankin Rd , Houston, TX 77073		

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

IL 00 17 11 98

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

IL P 001 01 04

## **U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MINIMUM EARNED PREMIUM ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART

**SCHEDULE**

<b>Minimum Earned Premium</b>	<b>\$ 7500</b>
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*(Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.)*

If this insurance is cancelled by you or us for any reason, and the actual earned premium as calculated by us is less than the sum specified in the Schedule above, we shall retain the amount specified above.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SERVICE OF SUIT CLAUSE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART

The following is added **SECTION IV – CONDITIONS:**

In the event of our failure to pay any amount claimed to be due by the terms of this policy, at your request, we will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this endorsement constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States, or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Hanover Insurance Company, 440 Lincoln Street, Worcester, Massachusetts, 01653 or his or her representative, and

that in any suit instituted against us by the terms of this policy, we will abide by the final decision of such court or of any appellate court in the event of an appeal.

If any statute of any state, territory, or district of the United States makes such provision, we hereby designate the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successors in office, as our true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by you or on your behalf, or your beneficiary, arising out of this insurance policy. We designate the above Counsel as the person to whom said officer is authorized to mail such process or a true copy thereof.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

## TEXAS IMPORTANT NOTICE SURPLUS LINES

To obtain information or make a complaint:

You may call the company's telephone number for information or to make a complaint at:

**1-508-855-1000**

You may write the Company at:

***The Hanover Insurance Group  
440 Lincoln Street  
Worcester, MA 01653***

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at

**1-800-252-3439**

You may write the  
Texas Department of Insurance  
PO Box 149104  
Austin, TX 78714-9104  
**FAX# (512) 475-1771**

**Web: <http://wwwtdi.state.tx.us>**

**E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)**

**PREMIUM OR CLAIMS DISPUTES:** Should you have a dispute concerning your premium or about a claim you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

**ATTACH THIS NOTICE TO YOUR POLICY:** This notice is for information only and does not become a part or condition of the attached document.

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono de la compania para informacion o para someter una queja al:

**1-508-855-1000**

Usted tambien puede escribir a:

***The Hanover Insurance Group  
440 Lincoln Street  
Worcester, MA 01653***

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al

**1-800-252-3439**

Puede escribir al Departamento de Seguros de Texas  
PO Box 149104  
Austin, TX 78714-9104  
**FAX# (512) 475-1771**

**Web: <http://wwwtdi.state.tx.us>**

**E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)**

**DISPUTAS SOBRE PRIMAS O RECLAMOS:** Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con la compania primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

**UNA ESTE AVISO A SU POLIZA:** Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

### AVISO IMPORTANTE



## **TEXAS SURPLUS LINES NOTICE**

THIS INSURANCE CONTRACT IS WITH AN INSURER NOT LICENSED TO TRANSACT INSURANCE IN THIS STATE AND IS ISSUED AND DELIVERED AS SURPLUS LINE COVERAGE UNDER THE TEXAS INSURANCE STATUTES. THE TEXAS DEPARTMENT OF INSURANCE DOES NOT AUDIT THE FINANCES OR REVIEW THE SOLVENCY OF THE SURPLUS LINES INSURER PROVIDING THIS COVERAGE, AND THE INSURER IS NOT A MEMBER OF THE PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION CREATED UNDER CHAPTER 462, INSURANCE CODE. CHAPTER 225, INSURANCE CODE, REQUIRES PAYMENT OF A 4.85% PERCENT TAX ON GROSS PREMIUM PLUS A 0.15% STAMPING FEE.

## **TEXAS LOSS CONTROL NOTICE**

Your Texas operations are entitled to free loss control services for various lines of commercial coverage. Because these loss control services can help reduce exposures that could lead to accidents, we encourage you to give us a call. We can answer loss control questions, mail helpful information to your business, or we can come to your business for on-site consultations.

You can access our loss control services, including, but not limited to:

- Loss Control Website: <https://resourcesforrisk.com/hanover/>

Online Self-Assessments

Risk Management Tools

Sample Policies and Procedures

- Risk Management Advice Line: (800) 831-9506

If you don't need these services now, keep this notice with your important papers so you will always have these valuable loss control services available to you.

IL 00 21 09 08

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**1. The insurance does not apply:**

**A. Under any Liability Coverage, to "bodily injury" or "property damage":**

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.**

**C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:**

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

**2. As used in this endorsement:**

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

IL N 001 09 03

## **FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

THIS NOTICE IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT, AS AMENDED. THIS NOTICE DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THIS POLICY. IF THERE IS A CONFLICT BETWEEN THIS NOTICE AND THE POLICY, THE PROVISIONS OF THE POLICY SHALL APPLY.

## NOTICE – REJECTION OF TERRORISM COVERAGE AND DISCLOSURE OF PREMIUM

### Schedule

<b>REJECTION STATEMENT</b>	
You have rejected the offer of terrorism coverage. You understand that an <b>exclusion</b> for certain terrorism losses will be made part of your policy.	
<b>Disclosure of Premium:</b>	
Total Terrorism Premium	\$ 0
Fire Following Premium	\$ 0
Other than Fire Following Premium	\$ 0

You have rejected coverage for "acts of terrorism," as defined in Section 102(1) of the Terrorism Risk Insurance Act ("Act") and an exclusion will be included in your policy. You are hereby notified that under the Act, as amended in 2015, the definition of "act of terrorism" is:

Any act or acts that are certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

#### **Note for Commercial Property or Commercial Inland Marine Policyholders in Standard Fire States:**

In your state, a terrorism exclusion makes an exception for (and thereby provides coverage for) fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from an act of terrorism. Coverage for such fire losses will be provided in your policy. The additional premium just for such fire coverage is described as Fire Following Premium in the Schedule above.

#### **Disclosure of Federal Participation in Payment of Terrorism Losses**

The United States government through the Department of the Treasury may pay a share of terrorism losses insured under the federal program under a formula set forth in the Act. Under this formula, the United States government generally reimburses the following percentage of covered terrorism loss which exceeds the statutorily established deductible paid by the insurance company providing the coverage: 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020.

#### **Cap on Insurer Participation in Payment of Terrorism Losses**

The Act contains a \$100 billion cap that limits the reimbursement by the United States government as well as insurers' liability for losses resulting from certified acts of terrorism. If the aggregate of insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Act, we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

**LIABILITY INSURANCE DEDUCTIBLE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**SCHEDULE**

Coverage	Amount and Basis of Deductible	
	Per Claim	Per Occurrence
Bodily Injury Liability, or;	\$	\$
Property Damage Liability, or;	\$	\$
Bodily Injury Liability and/or Property Damage Liability Combined	\$ 2,500	\$

*(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)*

**APPLICATION OF ENDORSEMENT** (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

**THE DEDUCTIBLE AMOUNT SHALL ALSO INCLUDE ALL ALLOCATED EXPENSES, INCLUDING LEGAL EXPENSES, INCURRED BY THE COMPANY IN THE INVESTIGATION, NEGOTIATION, SETTLEMENT AND DEFENSE OF ANY CLAIM OR SUIT SEEKING DAMAGES.**

- A.** Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.
- B.** You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:
- 1. Per Claim Basis**  
If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
    - a.** Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
    - b.** Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
    - c.** Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
      - (1) "Bodily injury";
      - (2) "Property damage"; or
      - (3) "Bodily injury" and "property damage" combined
 as the result of any one "occurrence".  
If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.  
With respect to "property damage", person includes an organization.
  - 2. Per Occurrence Basis**

If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

- a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
- b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or
- c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
  - (1) "Bodily injury";
  - (2) "Property damage"; or
  - (3) "Bodily injury" and "property damage" combined

as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

- C. The terms of this insurance, including those with respect to:
  - 1. Our right and duty to defend the insured against any "suits" seeking those damages; and
  - 2. Your duties in the event of an "occurrence", claim, or "suit"apply irrespective of the application of the deductible amount.
- D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – ASBESTOS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS / COMPLETED OPERATIONS COVERAGE PART

The following exclusion is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. Exclusions, **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**, Paragraph 2. Exclusions and **SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS**, Paragraph 2. Exclusions:

1. This insurance does not apply to “bodily injury”, “property damage”, “personal and advertising injury” or medical payments, including but not limited to asbestosis, lung cancer or mesothelioma, arising out of the actual, alleged or threatened:
    - a. Inhalation of, ingestion of or prolonged physical exposure by any person to asbestos, asbestos fibers, or goods, products or work containing asbestos;
    - b. Use of asbestos in “your work” or “your product” or the work or product of any person or organization for whom you may be legally responsible;
    - c. Intentional or accidental removal of asbestos from “your work” or “your product” or the work or product of any person or organization for whom you may be legally responsible, including encapsulation, dispersal, sealing or disposal of asbestos or asbestos fibers from any good, product or structure;
  - d. Manufacture, transportation, storage, handling, distribution, sale, application, mining, consumption, processing or disposal of asbestos, asbestos fibers, or goods, products or work containing asbestos by or on behalf of the insured;
  - e. Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing or disposal of asbestos, asbestos fibers or products containing asbestos. General supervision includes the rendering of or failure to render any instructions, recommendations, warnings or advice.
2. This insurance does not apply to any loss, cost or expense arising out of any request, demand or order that any insured or any person or organization for whom you are legally responsible test for, monitor, clean up, remove, contain, treat, detoxify or in any way respond to or assess the effects of asbestos. This exclusion shall apply to any claim or suit by or on behalf of any governmental authority or any other entity or person.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## EXCLUSION – ASSAULT OR BATTERY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART

**A. The following changes are made to the  
COMMERCIAL GENERAL LIABILITY  
COVERAGE PART:**

1. **SECTION I – COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, a. Expected or Intended Injury** is replaced by the following:

This insurance does not apply to:

**a. Expected or Intended Injury**

“Bodily injury” or “property damage” expected or intended from the standpoint of any insured.

2. The following is added to **SECTION I – COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** and **SECTION I – COVERAGES, COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions**:

This insurance does not apply to:

**Assault, Battery Or Other Physical Altercation**

“Bodily injury”, “property damage” or “personal and advertising injury” arising out of any:

- (1) Assault or battery committed or attempted by any person; or
- (2) Attempt by any person to avoid, prevent, suppress or halt any actual or threatened assault or battery; or
- (3) Actual or threatened verbal or physical confrontation or altercation committed or attempted by any person, or any attempt by any person to avoid, prevent, suppress or halt any actual or threatened verbal or physical confrontation or altercation.

This exclusion applies to all acts or omissions and all theories of liability (direct or vicarious) asserted against any insured, including but not

limited to all theories of negligence, gross negligence, recklessness or intentional tort and shall not be subject to any severability or separation of insureds provision in the policy.

**B. The following changes are made to the LIQUOR LIABILITY COVERAGE PART:**

1. **SECTION I – LIQUOR LIABILITY COVERAGE, 2. Exclusions, a. Expected or Intended Injury** is replaced by the following:

**a. Expected or Intended Injury**

“Injury” expected or intended from the standpoint of any insured.

2. The following exclusion is added to **SECTION I – LIQUOR LIABILITY COVERAGE, 2. Exclusions**:

This insurance does not apply to:

**Assault, Battery Or Other Physical Altercation**

“Injury” arising out of any:

- (1) Assault or battery committed or attempted by any person; or
- (2) Attempt by any person to avoid, prevent, suppress or halt any actual or threatened assault or battery; or
- (3) Actual or threatened verbal or physical confrontation or altercation committed or attempted by any person, or any attempt by any person to avoid, prevent, suppress or halt any actual or threatened verbal or physical confrontation or altercation.

This exclusion applies to all acts or omissions and all theories of liability (direct or vicarious) asserted against any insured, including but not limited to all theories of negligence, gross negligence, recklessness or intentional tort and shall not be subject to any severability or separation of insureds provision in the policy.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION – INJURY TO INDEPENDENT CONTRACTORS  
OR THEIR EMPLOYEES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. **Exclusions**, and **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**, Paragraph 2. **Exclusions**:

This insurance does not apply to claims, costs or expenses due to "bodily injury", "property damage" or "personal and advertising injury" sustained by the owner, partner or "employee" of an independent contractor working for you or on your behalf.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – INTENTIONAL ACTS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Paragraph 2. Exclusions, subparagraph a. is replaced by the following:**

**a. Expected or Intended Injury**

“Bodily Injury” or “Property Damage” expected or intended from the standpoint of the insured or from the standpoint of any customer or patron of the insured.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – LEAD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTOR LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following exclusion is added to **SECTION 1 – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. **Exclusions**, and **SECTION 1 – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**, Paragraph 2. **Exclusions**

- a. This insurance does not apply to "Bodily Injury", "Property Damage", "Personal and Advertising Injury", loss, cost, payment or expense, including but not limited to defense and investigation, of any kind arising out, resulting from, caused or contributed to by the actual or alleged presence or actual, alleged or threatened dispersal, release, ingestion, inhalation or absorption of lead, lead compounds or lead which is or was contained or incorporated into any material or substance. This includes but is not limited to:
- (1) Inhaling, ingesting or prolonged physical exposure by any person to any premises, structure, goods or products containing lead;
  - (2) The use of lead in constructing or manufacturing any good, product or structure;
  - (3) Intentional or accidental removal including encapsulation, dispersal, sealing or disposal of any good, product or structure containing lead;
  - (4) The manufacturing, transportation, storage or disposal of goods or products containing lead;
  - (5) Any product manufactured, sold, handled or distributed by or on behalf of the insured which contains lead; or
- (6) Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing, or disposal of products or materials containing lead. General supervision includes the rendering of or failure to render any instructions, recommendations, warnings, or advice.
- b. This exclusion applies but is not limited to:
- (1) Any supervision, instructions, recommendations, warnings or advice given in connection with the above;
  - (2) Any obligation to share damages, losses, costs, payments or expenses with or repay someone else who must make payment because of such injury or damage, loss, cost, payment or expense; or
  - (3) Any request, order or requirement to abate, mitigate, remediate, contain, remove or dispose of lead, lead or materials or substances containing lead.
- c. Because lead, and any other such irritant or contaminant, are pollutants, this exclusion applies in addition to any of the following exclusions that apply:
- (1) the pollution exclusion in this policy; or
  - (2) any other pollution-related exclusion made part of this policy.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – PUNITIVE DAMAGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART

The following exclusion is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. Exclusions, **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**, Paragraph 2. Exclusions and **SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS**, Paragraph 2. Exclusions:

“suit” shall have been brought against you for a claim falling within the coverage provided by this policy, seeking both compensatory and punitive damages, exemplary damages, multiplied damages, fines, penalties or liquidated damages, we will afford a defense to such action, but we shall not have an obligation to pay any cost, interest or damages attributed to punitive damages, exemplary damages, multiplied damages, fines, penalties or liquidated damages.

This insurance does not apply to damages assessed for punitive damages, exemplary damages, multiplied damages, fines, penalties or liquidated damages. If a

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FIREARMS EXCLUSION**

This endorsement changes modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Paragraph 2. Exclusions, SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, Paragraph 2. Exclusions and SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS, Paragraph 2. Exclusions:**

It is understood that no coverage is afforded by this policy for any injury, death, claims, or actions occasioned directly or indirectly or as an incident to the discharge of firearms by person or persons on or about the insured premises.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MINIMUM AND DEPOSIT PREMIUM ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART

The total advance premium is a Deposit Premium for the policy period. The Minimum Premium for the policy period is \$ 30,000 . If the policy is revised, the Minimum Premium will be revised by the appropriate pro-rata or short-rate factor. The policy period is also the audit period.

**PREMIUM ADJUSTMENT AUDIT**

If the policy is rated on an adjustable basis, it is subject to a premium audit at the end of the audit period to determine the actual earned premium. The actual earned

premium shall not be less than the Minimum Premium, or, if the policy period is revised, the Revised Minimum Premium.

Any premium adjustment due will be made upon completion of the premium audit.

**ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DEFINITION OF PREMIUM BASIS ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

Premiums are computed in accordance with the rates and premium basis shown in the Policy Declarations. The first Named Insured is responsible for keeping records of the information we need for the premium computation. Refer to Premium Audit Conditions in the Coverage Form and the Common Policy Conditions.

Definitions:

### **A. Admissions**

The total number of persons, other than employees of the named insured, admitted to the event insured or to events conducted on the premises whether on paid admission, tickets, complimentary tickets or passes.

### **B. Area**

The total number of square feet of floor space at the insured premises, computed as follows:

1. For entire buildings, by multiplying the product of the horizontal dimensions of the outside of the outer building walls by the number of floors, including basements but do not use the area of the following:
  - a. Courts and mezzanine types of floor openings.
  - b. Portions of basements or floors where 50% or more of the area is used for shop or storage for building maintenance, dwelling by building maintenance employees, heating units, power plants or air conditioning equipment.
2. For tenants, determine the area they occupy in the same manner as for the entire buildings.

### **C. Each**

This basis of premium involves units of exposure, and the quantity comprising each unit of exposure is indicated in the classification rates, such as "per person".

### **D. Gross Sales**

#### **1. Definition**

The gross amount charged by the named insured, concessionaires of the named insured

or by others trading under the insured's named for

- a. All goods or products, sold or distributed;
- b. Operations performed during the policy period;
- c. Rentals.

#### **2. Inclusions**

The following items shall not be deducted from gross sales:

- a. Foreign exchange discounts;
- b. Freight allowance to customers;
- c. Total Sales of consigned goods and warehouse receipts
- d. Trade or cash discounts;
- e. Bad debts;
- f. Repossession of items sold on installments (amount actually collect);
- g. Membership dues or fees;
- h. Ticket sales or admission charges

#### **3. Exclusions**

The following items shall be deducted from gross sales:

- a. Sales or excise taxes which are collected and submitted to a governmental division;
- b. Credits for repossessed merchandise and products returned. Allowances for damaged and spoiled goods;
- c. Finance charges for items sold on installments;
- d. Freight charges on sales if freight is charged as a separate item on customers invoice; and
- e. Royalty income from patent rights or copyrights which are not product sales.

### **E. Payroll**

#### **1. Definition**

- a. Payroll means remuneration;



- b. Remuneration means money or substitutes for money;
2. Payroll includes
- Commissions;
  - Bonuses;
  - Extra pay for overtime work, except as provided in E.4.;
  - Pay for holidays, vacations or periods of sickness;
  - Payment by an employer of amounts otherwise required by law to be paid by employees to statutory insurance or pension plans, such as the Federal Social Security Act;
  - Payment to employees on any basis other than time worked, such as piece work, profit sharing of incentive plans;
  - Payment or allowance for hand tools or power tools used by hand provided by employees and used in their work or operations for the insured;
  - The rental value of an apartment or a house provided for an employee based on comparable accommodations;
  - The value of lodging, other than an apartment or house, received by employees as part of their pay, to the extent shown in the insured's records;
  - The value of meals received by employees as part of their pay to the extent shown in the insured's records;
  - The value of store certificates, merchandise, credits or any other substitute for money received by employees as part of their pay;
  - The payroll of mobile equipment operators and their helpers, whether or not the operators are designated or licensed to operate automobiles. If the operators and their helpers are provided to the insured along with equipment hired under contract and their actual payroll is not known, use 1/3 of the total amount paid out by the insured for the hire of the equipment;
  - The payroll of executive officers and individual insureds and co-partners. Individual states may have their own limitations of this payroll category.
- The executive officers of a corporation are the president, any vice-president, secretary, treasurer, and any other officers selected or appointed according to the charter, constitution or by-laws of the corporation.

**Exception:** The payroll of all executive officers and individual insured or co-partners engaged principally in clerical operations or as salesmen shall not be included for premium purposes.

**Part-Time or Seasonal Businesses**

The payroll amounts may be reduced by 2 percent for each full calendar week in excess of twelve during which the risk performs no operations.

- Fees paid to employment agencies for temporary personnel provided to the insured.
3. Payroll does not include:
- Tips and other gratuities received by employees;
  - Payments by an employer to group insurance or group pension plans for employees, other than payments covered by E.2.e.;
  - The value of special rewards for individual invention or discovery;
  - Dismissal or severance payments except for time worked or accrued vacation;
  - The payroll of clerical office employees;
- Clerical office employees are those employees who work in an area which is physically separated by walls, floors or partitions from all other work areas of the insured and whose duties are strictly limited to keeping the insured's books or records or conducting correspondence, including any other employees engaged in clerical work in the same area.
- The payroll of salesmen, collectors or messengers who work principally away from the insured's premises. Salesmen, collectors or messengers are those employees engaged principally in any such duties away from the premises of the employer;
- Exception:** This term does not apply to any employee whose duties include the delivery of any merchandise handled, treated or sold.
- The payroll of drivers and their helpers if their principal duties are to work on or in connection with automobiles;
  - The payroll of aircraft pilots or co-pilots if their principal duties are to work on or in connection with aircraft in either capacity;
  - The payroll of draftsmen if their duties are limited to office work only and who are engaged strictly as draftsmen in such a

manner that they are not exposed to the operative hazards of the business. The payroll of these draftsmen shall be assigned to the classification "Draftsmen".

#### 4. Overtime

##### a. Definition

Overtime means those hours worked for which there is an increase in the rate of pay:

- (1) For work in any day or in any week in excess of the number of hours normally worked, or
- (2) For hours worked in excess of 8 hours in any day or 40 hours in any week, or
- (3) For work on Saturdays, Sundays or Holidays.

In the case of guaranteed wage agreements, overtime means only those hours worked in excess of the number specified in such agreement.

##### b. Exclusion of Overtime Payroll

The extra pay for overtime shall be excluded from the payroll on which premium is computed as indicated in (1) or (2) below, provided the insured's books and records are maintained to show overtime pay separately by employee and in summary by classification.

(1) If the records show separately the extra pay earned for overtime, the entire extra pay shall be excluded.

(2) If the records show the total pay earned for overtime, (regular pay plus overtime pay) in one combined amount, 1/3 of this total pay shall be excluded. If double time is paid for overtime and the total pay for such overtime is recorded separately, 1/2 of the total pay for double time shall be excluded.

**Exception to b. above:** Exclusion of overtime pay does not apply to payroll assigned to the "Stevedoring" classifications.

#### F. Total Cost

The Total Cost of all work let or sublet in connection with each specific project including:

1. The cost of all labor, materials and equipment furnished, used or delivered for use in the execution of the work;
2. All fees, bonuses or commissions made, paid or due.

#### G. Units

A single room or group of rooms intended for occupancy as separate living quarters by a family, by a group of unrelated persons living together, or by a person living alone.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## PYROTECHNICS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS COMPLETED OPERATIONS COVERAGE PART

- A. The following exclusion is added to **COMMERCIAL GENERAL LIABILITY COVERAGE PART, SECTION I – COVERAGES, COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**

### **Pyrotechnics**

This insurance does not apply to "bodily injury" or "property damage" arising from, due to or caused by:

- (1) The manufacture, installation, discharge or removal of "pyrotechnics" by person or persons on or about the insured premises or any premises under the control of the insured.
- (2) The failure to suppress or prevent the discharge of "pyrotechnics" on or about the insured premises or any premises under the control of the insured.
- (3) The negligent hiring, supervision or training of any "employee" or agent of the insured with respect to the events described in (1) and (2) above.
- (4) Your vicarious liability arising out of your sponsorship of a "pyrotechnic" event.
- (5) The ownership, operation, maintenance, possession, use of, manufacturing, distribution, selling, servicing, installation or storing of any fireworks or "pyrotechnics" by any person(s) or organization(s).

- B. The following exclusion is added to **PRODUCTS/COMPLETED OPERATIONS COVERAGE PART, SECTION I – COVERAGES, PRODUCTS/COMPLETED OPERATIONS,**

### **BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

#### **Pyrotechnics**

This insurance does not apply to "bodily injury" or "property damage" arising from, due to or caused by:

- (1) The manufacture, installation, discharge or removal of "pyrotechnics" by person or persons on or about the insured premises or any premises under the control of the insured.
  - (2) The failure to suppress or prevent the discharge of "pyrotechnics" on or about the insured premises or any premises under the control of the insured.
  - (3) The negligent hiring, supervision or training of any "employee" or agent of the insured with respect to the events described in (1) and (2) above.
  - (4) Your vicarious liability arising out of your sponsorship of a "pyrotechnic" event.
  - (5) The ownership, operation, maintenance, possession, use of, manufacturing, distribution, selling, servicing, installation or storing of any fireworks or "pyrotechnics" by any person(s) or organization(s).
- C. For the purposes of this endorsement, the following definition is added to **SECTION V – DEFINITIONS:**
1. "Pyrotechnics" or "pyrotechnic" means:
    - a. the craft of making fireworks; or
    - b. a fireworks display of any kind or type.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

LIQUOR LIABILITY COVERAGE PART

### SCHEDULE

<b>Location:</b>		
<b>Coverage</b>	<b>Amount and Basis of Deductible</b>	
	<b>Per Claim</b>	<b>Per Common Cause</b>
Liquor Liability	\$ 2,500	\$

*(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)*

**APPLICATION OF ENDORSEMENT** (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for "injury", however caused):

**THE DEDUCTIBLE AMOUNT SHALL ALSO INCLUDE ALL ALLOCATED EXPENSES, INCLUDING LEGAL EXPENSES, INCURRED BY THE COMPANY IN THE INVESTIGATION, NEGOTIATION, SETTLEMENT AND DEFENSE OF ANY CLAIM OR SUIT SEEKING DAMAGES.**

- A.** Our obligation under the Liquor Liability Coverage to pay damages on your behalf applies only to the amount of damages in excess of any deductible amount stated in the Schedule above.
- B.** You may select a deductible amount on either a per claim or a per common cause basis. Your selected deductible applies to the Liquor Liability Coverage and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:
- 1. Per Claim Basis.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies under Liquor Liability Coverage, to all "injuries" sustained by any one person or organization.
  - 2. Per Common Cause Basis.** If the deductible amount indicated in the Schedule above is on a per common cause basis, that deductible amount applies under Liquor Liability Coverage to all damages because of "injury" as the result of the selling, serving or furnishing of any alcoholic beverage to any one person, regardless of the number of persons or organizations who sustain damages.
- C.** The terms of this insurance, including those with respect to:
- 1.** Our right and duty to defend the insured against any "suit" seeking those damages; and
  - 2.** Your duties in the event of an "injury", claim or "suit"
- apply irrespective of the application of the deductible amount.
- D.** We may pay any part or all of the deductible amount to effect settlement of any claims or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **FULLY EARNED PREMIUM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART

The premium for the following types of endorsements, or charges, is fully earned at inception and is not subject to return premium in the event this policy is cancelled for any reason:

1. Any Additional Insured endorsements;
2. Waiver of Transfer of Rights of Recovery Against Others to Us endorsements;
3. Primary and Noncontributory endorsements;
4. Earlier Notice of Cancellation by Us endorsements;
5. Any Aggregate Per Location or Aggregate Per Project endorsements;
6. Hired and Non-Owned Auto Liability endorsements;
7. Loss Control or Inspection Fees and Charges;
8. Other: \_\_\_\_\_

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **ESTIMATED AUDIT PREMIUM**

This endorsement modifies insurance provided under the following:

### **COMMON POLICY CONDITIONS**

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART**

**LIQUOR LIABILITY COVERAGE PART**

**OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART – COVERAGE FOR OPERATIONS OF DESIGNATED CONTRACTOR**

**A. The following is added to COMMON POLICY CONDITIONS, C. Examination of Your Books and Records:**

Failure to cooperate with our attempts to examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward will allow us to process an estimated audit.

**B. The following is added to COMMERCIAL GENERAL LIABILITY COVERAGE PART, SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 5. Premium Audit, paragraph c., OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART – COVERAGE FOR OPERATIONS OF DESIGNATED CONTRACTOR, SECTION IV – CONDITIONS, 10. Premium Audit, paragraph c., LIQUOR LIABILITY COVERAGE PART,**

**SECTION IV – LIQUOR LIABILITY CONDITIONS, 5. Premium Audit, paragraph c., PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART, SECTION IV – PRODUCTS/COMPLETED OPERATIONS LIABILITY CONDITIONS, 5. Premium Audit, paragraph c.:**

Failure to cooperate with our attempts to examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward will allow us to process an estimated audit. We will increase the exposure base(s) on the policy by a minimum of 25% and process an estimated audit on this basis. We may use audits we have conducted on your prior policies with us to determine the appropriate percentage increase to apply when processing the estimated audit premium.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

**COMMERCIAL GENERAL LIABILITY**  
**CG 00 01 04 13**

## COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

### SECTION I – COVERAGES

#### COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

##### 1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

- (2) The "bodily injury" or "property damage" occurs during the policy period; and

- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".



## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".



**f. Pollution**

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
    - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
    - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
  - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
  - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
    - (i) Any insured; or
    - (ii) Any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
  - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
  - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**q. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

## **COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY**

### **1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

### **2. Exclusions**

This insurance does not apply to:

#### **a. Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

#### **b. Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

#### **c. Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

#### **d. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

#### **e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

#### **f. Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

#### **g. Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

#### **h. Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

**i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

**j. Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

**l. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-related**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**o. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**p. Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.



**COVERAGE C – MEDICAL PAYMENTS****1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;
 provided that:
  - (a) The accident takes place in the "coverage territory" and during the policy period;
  - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
  - (1) First aid administered at the time of an accident;
  - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
  - (3) Necessary ambulance, hospital, professional nursing and funeral services.

**2. Exclusions**

We will not pay expenses for "bodily injury":

- a. **Any Insured**  
To any insured, except "volunteer workers".
- b. **Hired Person**  
To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. **Injury On Normally Occupied Premises**  
To a person injured on that part of premises you own or rent that the person normally occupies.

**d. Workers' Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

**e. Athletics Activities**

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

**f. Products-Completed Operations Hazard**

Included within the "products-completed operations hazard".

**g. Coverage A Exclusions**

Excluded under Coverage A.

**SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**

- 1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
  - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
  - e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
  - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b. This insurance applies to such liability assumed by the insured;
  - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f. The indemnitee:
    - (1) Agrees in writing to:
      - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
      - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (c) Notify any other insurer whose coverage is available to the indemnitee; and
      - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (2) Provides us with written authorization to:
      - (a) Obtain records and other information related to the "suit"; and
      - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

## SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;
- you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
- a. Medical expenses under Coverage **C**;
- b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage **B**.



3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal And Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage A; and
  - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

#### **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**

##### **1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

##### **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit.**

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

##### **3. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

**b. Excess Insurance**

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
  - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
  - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**c. Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**5. Premium Audit**

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

**6. Representations**

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

#### **7. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

#### **8. Transfer Of Rights Of Recovery Against Others To Us**

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### **9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

#### **SECTION V – DEFINITIONS**

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication; provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

**9. "Insured contract" means:**

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

**10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".**

**11. "Loading or unloading" means the handling of property:**

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:**

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
  - (a) Snow removal;
  - (b) Road maintenance, but not construction or resurfacing; or
  - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
  - a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**16. "Products-completed operations hazard":**

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed.
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
  - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:
  - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
  - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
  - (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

**17. "Property damage" means:**

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.



As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**18.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**19.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**20.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**21.** "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - (a) You;
  - (b) Others trading under your name; or
  - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**22.** "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

**COMMERCIAL GENERAL LIABILITY**  
**CG 00 33 04 13**

## LIQUOR LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

### SECTION I – LIQUOR LIABILITY COVERAGE

#### 1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "injury" to which this insurance applies if liability for such "injury" is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "injury" to which this insurance does not apply. We may, at our discretion, investigate any "injury" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- b. This insurance applies to "injury" only if:

- (1) The "injury" occurs during the policy period in the "coverage territory"; and

- (2) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "injury" or claim, knew that the "injury" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "injury" occurred, then any continuation, change or resumption of such "injury" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Injury" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "injury" or claim, includes any continuation, change or resumption of that "injury" after the end of the policy period.

- d. "Injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "injury" or claim:

- (1) Reports all, or any part, of the "injury" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "injury"; or
- (3) Becomes aware by any other means that "injury" has occurred or has begun to occur.

#### 2. Exclusions

This insurance does not apply to:

##### a. Expected Or Intended Injury

"Injury" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

##### b. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

**c. Employer's Liability**

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "injury".

**d. Liquor License Not In Effect**

"Injury" arising out of any alcoholic beverage sold, served or furnished while any required license is not in effect.

**e. Your Product**

"Injury" arising out of "your product". This exclusion does not apply to "injury" for which the insured or the insured's indemnitees may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

**f. Other Insurance**

Any "injury" with respect to which other insurance is afforded, or would be afforded but for the exhaustion of the limits of insurance.

This exclusion does not apply if the other insurance responds to liability for "injury" imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage.

**g. War**

"Injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**SUPPLEMENTARY PAYMENTS**

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
4. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.
7. Expenses incurred by the insured for first aid administered to others at the time of an event to which this insurance applies.

These payments will not reduce the limits of insurance.

**SECTION II – WHO IS AN INSURED**

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.



- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:

(1) "Injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above; or
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b) above.

(2) "Property damage" to property:

- (a) Owned or occupied by; or
- (b) Rented or loaned;  
to that "employee", any of your other "employees", by any of your partners or members (if you are a partnership or joint venture), or by any of your members (if you are a limited liability company).
- b. Any person or organization having proper temporary custody of your property if you die, but only:
  - (1) With respect to liability arising out of the maintenance or use of that property; and
  - (2) Until your legal representative has been appointed.

- c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
  - b. Coverage does not apply to "injury" that occurred before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The Aggregate Limit is the most we will pay for all "injury" as the result of the selling, serving or furnishing of alcoholic beverages.
3. Subject to the Aggregate Limit, the Each Common Cause Limit is the most we will pay for all "injury" sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV – LIQUOR LIABILITY CONDITIONS

#### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

**2. Duties In The Event Of Injury, Claim Or Suit**

- a. You must see to it that we are notified as soon as practicable of an "injury" which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "injury" took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any "injury".

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "injury" to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

**3. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary. Our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in b. below.

**b. Method Of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**5. Premium Audit**

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

## 6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

## 7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

## 8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

## 9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

## SECTION V – DEFINITIONS

1. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
2. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the "injury" occurs in the course of travel or transportation between any places included in Paragraph a. above; or

- c. All other parts of the world if the "injury" arises out of:

- (1) Goods or products made or sold by you in the territory described in Paragraph a. above; or
- (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

3. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
4. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
5. "Injury" means damages because of "bodily injury" and "property damage", including damages for care, loss of services or loss of support.
6. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
7. "Property damage" means:
  - a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
  - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.
8. "Suit" means a civil proceeding in which damages because of "injury" to which this insurance applies are alleged. "Suit" includes:
  - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
9. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**10. "Your product":**

**a. Means:**

- (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - (a)** You;
  - (b)** Others trading under your name; or
  - (c)** A person or organization whose business or assets you have acquired; and
- (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b. Includes:**

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
  - (2)** The providing of or failure to provide warnings or instructions.
- c.** Does not include vending machines or other property rented to or located for the use of others but not sold.

COMMERCIAL GENERAL LIABILITY  
CG 00 68 05 09

## RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. Exclusion q. of Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

#### **2. Exclusions**

This insurance does not apply to:

##### **q. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

**B. Exclusion p. of Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability** is replaced by the following:

#### **2. Exclusions**

This insurance does not apply to:

##### **p. Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

POLICY NUMBER: L15 A837352 01

COMMERCIAL GENERAL LIABILITY  
CG 20 11 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – MANAGERS OR  
LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE**

<b>Designation Of Premises (Part Leased To You):</b> 313 Rankin Road, Houston TX 77073
<b>Name Of Person(s) Or Organization(s) (Additional Insured):</b> Rankin Road, Inc 313 Rankin Road Houston TX 77073
<b>Additional Premium:</b> \$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person(s) or organization(s) shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

POLICY NUMBER: L15 A837352 01

COMMERCIAL GENERAL LIABILITY

CG 21 44 07 98

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

**Premises:**

313 Rankin Road, Houston TX 77073

**Project:**

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule and operations necessary or incidental to those premises; or
2. The project shown in the Schedule.



**COMMERCIAL GENERAL LIABILITY  
CG 21 46 07 98**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ABUSE OR MOLESTATION EXCLUSION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

The following exclusion is added to Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability**:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

1. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or

2. The negligent:

- a. Employment;
- b. Investigation;
- c. Supervision;
- d. Reporting to the proper authorities, or failure to so report; or
- e. Retention;

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1. above.



COMMERCIAL GENERAL LIABILITY  
CG 21 47 12 07

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

COMMERCIAL GENERAL LIABILITY  
CG 21 49 09 99

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**TOTAL POLLUTION EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion f. under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

This insurance does not apply to:

**f. Pollution**

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**COMMERCIAL GENERAL LIABILITY  
CG 21 67 12 04**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**FUNGI OR BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Fungi Or Bacteria**

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

**B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Fungi Or Bacteria**

- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

**C. The following definition is added to the Definitions Section:**

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND  
EXCLUSION OF OTHER ACTS OF TERRORISM  
COMMITTED OUTSIDE THE UNITED STATES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**A. The following exclusion is added:**

This insurance does not apply to:

**TERRORISM**

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism", or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
  - a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

**B. The following definitions are added:**

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
  - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
  - b. The act resulted in damage:
    - (1) Within the United States (including its territories and possessions and Puerto Rico); or
    - (2) Outside of the United States in the case of:
      - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
      - (b) The premises of any United States mission; and
  - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".
 

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.
- C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.

**COMMERCIAL GENERAL LIABILITY  
CG 21 96 03 05**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**SILICA OR SILICA-RELATED DUST EXCLUSION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

**C. The following definitions are added to the Definitions Section:**

1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

**COMMERCIAL GENERAL LIABILITY  
CG 24 01 12 04**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NON-BINDING ARBITRATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
ELECTRONIC DATA LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PRODUCT WITHDRAWAL COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

If we and the insured do not agree whether coverage is provided under this Coverage Part for a claim made against the insured, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and

2. Bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county or parish in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. Any decision agreed to by the arbitrators may be appealed to a court of competent jurisdictions.

POLICY NUMBER: L15 A837352 01

COMMERCIAL GENERAL LIABILITY  
CG 24 07 01 96

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PRODUCTS/COMPLETED OPERATIONS HAZARD REDEFINED**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

### **SCHEDULE**

**Description of Premises and Operations:**

Adult Nightclub

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to "bodily injury" or "property damage" arising out of "your products" manufactured, sold, handled or distributed:

1. On, from or in connection with the use of any premises described in the Schedule, or
2. In connection with the conduct of any operation described in the Schedule, when conducted by you or on your behalf,

Paragraph a. of the definition of "Products-completed operations hazard" in the DEFINITIONS Section is replaced by the following:

"Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" that arises out of "your products" if the "bodily injury" or "property damage" occurs after you have relinquished possession of those products.



COMMERCIAL GENERAL LIABILITY  
CG 24 26 04 13

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT OF INSURED CONTRACT DEFINITION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The definition of "insured contract" in the **Definitions** section is replaced by the following:

"Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

POLICY NUMBER: L15 A837352 01

COMMERCIAL GENERAL LIABILITY  
CG 28 06 01 96

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITATION OF COVERAGE TO INSURED PREMISES**

This endorsement modifies insurance provided under the following:

LIQUOR LIABILITY COVERAGE PART

### **SCHEDULE**

**Description and Location of "Insured Premises":**

313 Rankin Road, Houston TX 77073

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

**A.** This insurance only applies to damages arising out of your "insured premises".

**B.** The following definition is added to the DEFINITIONS Section:

"Insured premises" means:

1. The premises shown in the Schedule; and
2. Any premises you acquire during the policy period for use in manufacturing, distributing, selling, serving or furnishing alcoholic beverages if:
  - a. You notify us within 30 days after the acquisition, and
  - b. You have no other valid and collectible insurance applicable to the loss.

# Aix Specialty Insurance Company

In Witness Whereof, Aix Specialty Insurance Company has executed and attested these presents, and where required by law, has caused this Policy to be countersigned by its duly authorized Representative.



---

Charles Frederick Cronin  
Corporate Secretary



---

Joseph M. Zubretsky  
President



Liability Unit  
PO Box 15148  
Worcester MA 01615-0148  
Telephone: 800-628-0250 Ext: 3685013  
Fax Number: 508-926-5660

April 03, 2019

EMBASSY INC, DBA HOUSTON DOLLS  
313 RANKIN ROAD SUITE H  
HOUSTON TX 77073

Re: Our Insured: EMBASSY INC, DBA HOUSTON DOLLS  
Claim Number: 19-00405795 000  
Date of Loss: 06/02/2017

Dear Max Pajooh:

AIX Specialty Insurance Company ("Hanover") has received notice of the above captioned claim against Embassy, Inc. dba Houston Dolls, a Named Insured under the policy for Embassy, Inc. dba Houston Dolls (hereinafter referred to as "Embassy"). The claim alleges that an independent contractor, Kasidie Barton (the "Plaintiff") suffered bodily injury after she had a seizure and became unconscious on or about June 2, 2017 (the "Claim"). This Claim was noticed to Hanover on March 5, 2019. After reviewing the provisions of the policy, we have determined that there is no coverage for this loss for the reasons which will be set forth in this letter.

**Policy Information**

Embassy, Inc. dba Houston Dolls is the Named Insured on a Commercial Liability Insurance Policy with a policy number L15-A837352-01 and a policy period of January 30, 2017 to January 30, 2018. The Policy contains a Commercial General Liability Coverage Form, coverage form number CG 00 01 04 13. The Commercial General Liability Coverage Form has been amended by Form 801-0037 06 13 EXCLUSION - INJURY TO INDEPENDENT CONTRACTORS. The applicable provisions of the Policy are addressed below.

**CG 00 01 04 13 COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

**SECTION I - COVERAGES**

**COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY**

**1. 1. Insuring Agreement**

**1. a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this Insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this Insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

**(1)** The amount we will pay for damages is limited as described in Section **III** limits of Insurance; and

**EXHIBIT  
C**

Claim Number: 19-00405795 000

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under coverages A or B or medical expenses under Coverage C. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

...  
**Section 2. EXCLUSIONS**, as amended by 801-0037 06 13 **EXCLUSION – INJURY TO INDEPENDENT CONTRACTORS** provides in relevant part that:

...  
The following exclusion is added to **SECTION 1 – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, And **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING LIABILITY**, Paragraph 2. **Exclusions:**

This insurance does not apply to claims, costs or expenses due to "bodily injury", "property damage" or "personal and advertising injury" sustained by the owner, partner or "employee" of an independent contractor working for you or on your behalf.

...  
**Section V – DEFINITIONS:**

- ...
1. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
  1. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
  10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
  13. "Occurrence" means an accident, including continuous or repeated exposure to Substantially the same general harmful conditions.
  19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**Conclusion** After a careful review of the policy, Hanover disclaims any coverage and/or defense obligations in this matter because the "bodily injury" was sustained by an independent contractor as outlined in Section 2 Exclusions and Section V Definitions. We are not defending Embassy, Inc. dba Houston Dolls and it is imperative that you get an attorney to represent your interests immediately. Please contact your agent to place all other relevant carriers on notice who supply coverage to Embassy and, if you wish, continue to submit documents to us for our review.

The Company reserves the right to supplement, modify and amend this letter as new facts are learned or allegations are made. This correspondence is not intended and should not be construed as an exhaustive listing of the terms, conditions or exclusions of the Policy that act to preclude coverage in this matter. The Company does not waive any rights or defenses available to it in this matter, either under the Policy or the law by failing to expressly set out those rights or defenses in this letter.

Claim Number: 19-00405795 000

If you believe any facts described herein are incorrect or if there any additional facts, documents or circumstances which should be brought to Hanover's attention concerning the coverage issues, please advise me immediately.

If you have any questions, please don't hesitate to contact me.

Sincerely,

*Monique Walton*

Monique Walton  
Specialty Claims Analyst  
AIX Specialty Insurance Company  
mwalt@hanover.com

cc: **AMWINS BRKG OF TENNESSEE**



IRELAN MCDANIEL  
PLLC

Jacob M. Stephens  
Senior Counsel

[jstephens@imtexaslaw.com](mailto:jstephens@imtexaslaw.com)

September 19, 2019

Monique Walton  
Specialty Claims Analyst  
AIX Specialty Insurance Company

VIA E-Mail: [mwalton@hanover.com](mailto:mwalton@hanover.com)

RE: Your Insured: Embassy, Inc. d/b/a Houston Dolls  
Claim Number: 19-00405795-000  
Date of Loss: 06/02/2017

Ms. Walton:

Please be advised that Irelan McDaniel, PLLC has been engaged to represent Embassy Inc. d/b/a Houston Dolls ("Embassy") in connection with the above-referenced claim. I am in receipt of your correspondence dated April 3, 2019, in which AIX Specialty Insurance Company ("Hanover") acknowledges receipt of Embassy's notice of claim and denies Embassy's request for defense and indemnification for Cause No. 2019-12170; *K.B. v. Embassy, et. al*; in the 234<sup>th</sup> District Court of Harris County, Texas (the "Lawsuit"). The authority relied upon by Hanover to deny Embassy's request for defense and indemnification is misplaced and I would strongly urge you to reconsider.

Generally, your restatement of the policy's terms is correct; however, the coverage analysis is fatally flawed. Specifically, you state that Hanover is denying coverage because "the 'bodily injury' was sustained by an independent contractor" (emphasis added). Hanover's analysis is wholly inconsistent with the facts alleged in the Lawsuit.

As I am sure you know, an insurer's duty to defend is determined solely by the allegation in the pleadings and the language of the insurance policy.<sup>1</sup> Extrinsic evidence from either the insurer or the insured, which contradicts the allegation of the underlying petition, should not be considered in the coverage determination.<sup>2</sup> This is generally

<sup>1</sup> Nat'l Union Fire Ins. Co. of Pittsburgh, Pa. v. Merchants Fast Motor Lines, Inc., 939 S.W.2d 139, 141 (Tex. 1997)

<sup>2</sup> Pine Oak Builders, Inc. v. Great Am. Lloyds Ins. Co., 279 S.W.3d 650, 655 (Tex. 2009)



*Monique Walton*  
*September 19, 2019*  
*Page 2 of 3*

referred to as the "eight corners" rule.<sup>3</sup> When applying the eight corners rule, Texas courts give the allegations in the petition a liberal interpretation.<sup>4</sup> Specifically, in circumstances where the complaint does not clearly bring the case within or without coverage, such doubt will always be resolved in the insured's favor.<sup>5</sup>

Therefore, Hanover needed only to look to the policy and the pleadings of the Lawsuit to determine if coverage existed. However, from the analysis in your correspondence, it is clear that a proper evaluation of coverage did not happen. In particular, the Lawsuit makes no mention of the injured party being an independent contractor. Accordingly, Hanover's basis for denying coverage is baseless and highly prejudicial to its insured.

Consequently, demand is hereby made that Hanover tender a defense to Embassy in the Lawsuit and confirm that Hanover has accepted coverage and will indemnify Embassy from any loss resulting from the Lawsuit within fourteen (14) days from the date of this correspondence. In the event that Hanover fails to tender the defense and confirm coverage within the time period prescribed herein, please be advised that Embassy intends to file a lawsuit against Hanover for breach of contract and violations of the Texas Insurance Code and/or Texas Deceptive Trade Practices Act.

Nothing in this letter is intended to suggest that we have set forth all of Embassy's rights and remedies against Hanover. On the contrary, if litigation is necessary, please be advised that Embassy intends to pursue any and all rights and remedies it may have against Hanover under the Policy, Texas law, or in equity including, but not limited to filing a lawsuit against Hanover seeking to recover its actual damages, statutory damages, exemplary damages, interest, and attorney's fees and costs.

Embassy would prefer to resolve this matter without the necessity of a lawsuit. However, if this matter is not resolved to Embassy's satisfaction as soon as possible, we will initiate litigation against Hanover without further notice.

Time is of the essence. Please direct all future correspondence regarding this matter to the undersigned.

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<sup>3</sup> *Union Fire*, 939 S.W.2d at 141.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

*Monique Walton*  
*September 19, 2019*  
*Page 3 of 3*

I look forward to your prompt response.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jacob M. Stephens', with a long horizontal flourish extending to the right.

JMS/dh